

REMARKS

Claims 1-38 and 40-51 are pending upon entry of this amendment. Claim 38 is amended, claim 39 is canceled, and claims 40-51 are added.

In the Office Action, claim 39 was rejected under 35 U.S.C. §101. By this Amendment, claim 39 is canceled without prejudice or disclaimer in order to expedite prosecution.

Claims 36 and 37 are rejected under 35 U.S.C. §102(e) as being anticipated by Randle et al., U.S. Patent No. 5,974,146.

The Office Action states that Randle discloses an authentication apparatus as claimed. However, claim 36 recites, *inter alia*, a processing unit that sets up an identifying number and synchronizes communication between a first and second terminal when the first terminal transmits a number to the processing unit that matches the identifying number. After that transmission and synchronization, authentication information is retrieved from the user database and the user of the first terminal is authenticated.

Randle discloses an infrastructure for a real time bank centric universal payment system in which a central processing unit (CPU) defines an electronic commerce trust system formed from a plurality of financial service providers members subscribing to a common standard having applicability throughout the infrastructure. The CPU provides non-revocable real time debit and credit transactions and effects provider net settlement between and among members through a central exchange monetary system. Figure 1A and 1B illustrate the overall ECTS infrastructure. However, Randle does not disclose or even suggest of a processing unit as in claim 36.

Accordingly, Randle cannot anticipate claim 36 or claim 37, which depends from claim 36. Claims 36 and 37 are allowable.

Claims 1-11, 17-18, 22-27, 31-35 and 38 are rejected under 35 U.S.C. §103(a) as being unpatentable over Wong, U.S. Patent No. 5,615,110, in view of Foladare et al., U.S. Patent No. 5,914,472.

The Office Action states that Wong's system allows for payment of the transaction if the paying party does not object/respond to the transaction notification and that Foladare discloses a system wherein a paying party gets notified of a pending transaction and is required to respond with a confirmation before the transaction is authorized and settled. The Office Action asserts that it would be obvious to combine these teachings and that such a system would require confirmation of both authorization and denial of all transactions by the paying party.

In claim 1, the settlement apparatus performs the settlement of a transaction under two conditions. First, the settlement apparatus sets up a transaction identifying number which identifies the transaction. Second, the paying terminal transmits the same transaction identifying number to the said settlement apparatus. When these conditions are satisfied, the settlement apparatus performs the transaction between the billing terminal and the paying terminal by synchronizing communications to each other. In this manner, the electronic settlement system achieves a more effective way of settling a transaction through a communication network to achieve higher security in the transaction without using complex authenticating procedure and transmitting personal information.

The Office Action states that Wong does not require a user to respond in the claimed manner. To remedy this deficiency, Foladare is combined with Wong. However, Foladare teaches of using the phone number, printed on the ancillary transaction card, and does not suggest of using a transaction identifying number which identifies the transaction as recited in claim 1. Thus, Foladare does not meet at least the first condition for performing the transaction in the settlement apparatus.

On the contrary, Foladare discloses a system and method for allowing a parent to control the use of an ancillary credit or debit transaction card which is issued to a child. In this system, if the credit limit of the ancillary card holder has been exceeded according to the data base, method of contacting the parent is transmitted to the central computer. The parent responds to the central computer via the two-way communications device, and the central computer forwards an approval/refusal code to the merchant. In this manner, a parent can control the maximum transaction card spending by the child.

In particular, Figures 1 and 2 show a flow chart illustrating the steps generally taken in the system when an ancillary card is used for the procurement of goods, services or distribution of currency, and a network in the system, respectively. Regarding a transaction between a merchant and an account holder in the system, in column 6, lines 4 to 16, Foladare discloses "[u]pon receipt at the AT&T node 204 of an approval of the proposed procurement transaction by the account holder, the approval code previously received from the card issuer 206 is transmitted to the merchant via normal communications means. If the message received from the account holder at the AT&T node 204 is refusal, a refusal code is transmitted to the merchant via the normal communications means. In the eyes of a merchant, the only difference between the credit card authorizations presently in use and the present invention is the phone number which the merchant uses to retrieve credit card authorization. That is, the merchant will use a number preprinted on the ancillary transaction card in order to retrieve approval of the transaction."

Foladare encourages use of personal information such as a phone number and opposes the intention of the present invention. Thus, this teaching would discourage those skilled in the art to incorporate Foladare's system with Wong's security system. There is no suggestion in the prior art for combining these contrary teachings. As the Office Action admits that Wong fails to teach or suggest the feature of the settlement apparatus of claim 1, even if the

teachings of Foladare could be combined with Wong, the combination would have not achieved the claimed invention recited in claim 1.

For at least the above reasons, the invention recited in claim 1 is patentable over Wong in view of Foladare.

Claim 3 recites a processing unit for processing the settlement of a transaction in which the processing unit sets up a transaction identifying number and synchronizes communication when the paying terminal transmits the same transaction identifying number to the settlement apparatus. Wong combined with Foladare does not teach or suggest of such a combination as explained above. Claim 3 is allowable.

Claim 22 recites a communication unit that transmits an identification number to identify the billing terminal to the settlement apparatus and receives a synchronization confirmation signal indicating establishment of synchronization with the paying terminal. Wong combined with Foladare does not teach or suggest of such a combination as explained above. Claim 22 is allowable.

Claim 33 recites a billing terminal including a first communication unit transmitting an identifying number identifying said billing terminal to the settlement apparatus and receiving a transaction identifying number identifying the transaction from the settlement apparatus. The first communication unit receives from the settlement apparatus a synchronization confirmation signal indicating the establishment of synchronization with the paying terminal. A second communication unit connects to the computer terminal via the communication network and transmits the transaction identifying number to the computer terminal for a user of the paying terminal to notify said transaction identifying number. Wong combined with Foladare does not teach or suggest of such a combination as explained above. Claim 33 is allowable.

Claim 38 is directed to a recording medium which stores a program for a computer

comprising a processing module which performs the settlement of transaction and sets a transaction identifying number which identifies the transaction and synchronizes a communication to the billing terminal with a communication to the paying terminal when the paying terminal transmits a transaction identifying number, which is the same transaction identifying number set by the processing module. Wong combined with Foladare does not teach or suggest of such a combination as explained above. Claim 38 is allowable.

Claims 12-16, 19-21 and 28-31 are rejected under 35 U.S.C. §103(a) as being unpatentable over Wong in view of Foladare and further in view of Randle.

Randle does not remedy the deficiencies of Wong and Foladare described above. Merely providing payor authentication information does not meet the features of the claims, especially with respect to setting a transaction number as explained above. Therefore, the combination of Randle, Wong and Foladare cannot render claims 12-16, 19-21, and 28-31 obvious. Claims 12-16, 19-21, and 28-31 are allowable for the reasons above and for the additional features recited therein.

New claims 40-51 are supported by the original description, see for example FIG. 15 showing TRANSACTION ID (997611), as an example of the transaction identifying number presented on a mail order catalog. None of the prior art references discloses the combination of features of claims 40-51. Claims 40-51 are patentable

It is respectfully submitted that the application is in condition for allowance. Should further issues require resolution prior to allowance, the Examiner is requested to telephone the undersigned.

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Respectfully submitted,

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